

# California Board of Accountancy

## President's Message



Donna McCluskey, CPA  
*President*

It is a pleasure to write to you as the newly-elected President of the California Board of Accountancy. I was appointed to the Board in July 1998, but my participation in Board activities goes back to 1996 when I served as a member of the Report Quality Monitoring Committee. I have spent my professional career in the assurance services practice of PricewaterhouseCoopers LLP. I look forward to communicating with you during the coming year regarding the results of the Sunset Review of the Board, legislative consideration of the Uniform Accountancy Act, guidance regarding continuing education compliance, and several other initiatives as they develop.

The Board members and staff believe it is important that all of the stakeholders in the accounting profession have ready access to the information they need regarding Board operations and actions. The Board is constantly working to improve communication with consumers, licensees and exam applicants. Providing such

information efficiently and effectively is one of the prime ways in which we fulfill our mission of consumer protection. To communicate in the most useful ways, the Board encourages input and questions from all those whom we serve.

In the past, inquiries came to the Board through the mail, the telephone, and the fax machine. In the recent past, Internet technology, which has significantly changed the way many of us acquire and distribute information in our personal and professional lives, has also dramatically changed the way the Board does business. Now most of the questions come to us via e-mail and most CPA exam applications are received online. In 1999 the Board received more than 5,600 e-inquiries. This is a significant number when you consider that each one of these e-mails is answered personally, mostly within two days and always within five days. But the 1999 experience pales in comparison to 2000 when the incoming e-mail traffic increased to 22,745. That's an average of 1,895 e-mails per month, or almost 100 per workday.

Who is asking all these questions? In 2000, the Examination Unit received more than 80 percent of the e-inquiries. However, on a daily basis, we also receive e-queries from consumers, licensees, and those seeking an initial license. Our staff also fields a number of telephone inquiries, not to mention conventional written

*(Please see President's Message, continued on page 2)*

Update

## Mission Statement

**The mission of the California Board of Accountancy is to protect the public welfare by ensuring that only qualified persons are licensed and that appropriate standards of competency and practice are established and enforced.**

## Vision Statement

**It is the vision of the California Board of Accountancy to become the premier regulatory agency that operates with maximum efficiency, fosters continuous quality improvement, and provides exemplary consumer protection while recognizing the changing consumer demographics and nature of services provided by licensed professionals.**

## In this Issue . . .

News to You .....	3
Contemplated UAA Revisions to the Accountancy Act .....	4
Licensee Information:	
Public or Private? .....	6
New 50/50 CE Requirement .....	8
Meeting Your PC&E Requirement .....	9
Licensing Data .....	10
What is the Purpose of Fingerprinting? .....	11
What's New at <a href="http://www.dca.ca.gov/cba">www.dca.ca.gov/cba</a> ...	12
Watts Up?? .....	14
Administrative Committee Overview .	15
It's All in the Numbers .....	16
Disciplinary Actions .....	19
Future 2001 Meetings .....	22

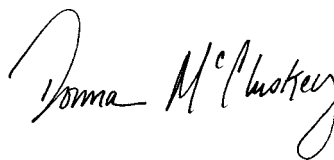
President's Message (continued from page 1)

correspondence, as well as faxed requests for information.

We welcome all communication from you. In fact, one of this Board's strategic goals is to provide information, share knowledge, encourage two-way dialogue, and be responsive to the needs of stakeholders. We are constantly striving both to improve the means by which regulatory information reaches you and the manner and timeliness by which we respond to your inquiries. On the back cover of this (and every) issue of *Update*, you will find the Board of Accountancy Directory, which gives telephone and fax numbers for each unit, as well as the e-addresses of special electronic mailboxes that connect to each of our major programs. The Board's staff is here to answer your questions.

I encourage you to consult our Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba). This is a valuable resource that has now grown to more than 100 pages, including a License Lookup feature. You are urged to look up your own license on the Web site to view what consumers see when they perform a license status check. As of January 2001, this feature is being accessed at least 1,300 times weekly, so we know it's of great use and interest to consumers and licensees alike. We also have added other new information, including all the forms you need to renew your license.

Finally, in the next issue of *Update*, I hope to have more information to bring to you regarding the results of the Sunset Review of this Board. In the meantime, I encourage you to review the *Sunset Review Report* posted on our Web site. The report serves as an excellent primer of all the accountancy issues before the Board, the consumer public — and you, the licensee.



Donna McCluskey  
President

## Issues of Interest

*to the Consumer and the Practitioner*

# News to You

### Governor Names Member to Board

Governor Gray Davis has announced the appointment of Joseph Tseng, CPA, as a member of the California Board of Accountancy.

Mr. Tseng, 47, of Duarte, has more than 20 years of combined experience in both public and private accounting fields. He is the Managing Partner of Tseng, Lee & Huang, LLP, which provides accounting, auditing, and tax consultation in South Pasadena. His firm services multinational companies, corporations, partnerships, limited liability companies, individuals, and non-profit organizations.

Mr. Tseng is a member of the AICPA, California Society of Certified Public Accountants, and he has served as the President of the Chinese-American CPAs Society of Southern California. He also was appointed by Sheriff Lee Baca as the Founding President of the Los Angeles Chinese-American Sheriff's Advisory. Mr. Tseng earned a bachelor of science degree from the University of Hawaii and a master of business administration degree from Chaminade University of Honolulu.

### "Safe Harbor" Regulation Planned

The California Board of Accountancy plans to promulgate a new regulation to provide "safe harbor" language for nonlicensees who prepare financial statements. The intent is to provide language for use by nonlicensees in the preparation of financial statements so that the creation of these documents would not be deemed to be the practice of public accounting.

This Board action at the January 2001 meeting was prompted by a request from the National Society of Accountants and the California Society of Accounting and Tax Professionals. The public hearing for this new regulation will be held at a Board meeting in the fall of 2001. The hearing notice and the full text of the proposed regulation will be published in the next issue of *Update*.

### Sunset Review Status

The Joint Legislative Sunset Review Committee (JLSRC) will hold a second hearing related to the California Board of Accountancy on March 28, 2001, to consider recommendations from the Department of Consumer Affairs.

Senator Liz Figueroa, Chair of the JLSRC, has introduced Senate Bill 133 to continue the California Board of Accountancy. After the March hearing, it is anticipated that her bill will be amended to indicate a new sunset review date for the Board and to incorporate the JLSRC's other recommendations.

Two other sunset review bills also have been introduced. Assembly Member Lou Correa's Assembly Bill (AB) 270 is related to the composition of the Board. Assembly Member Joe Nation's AB 585 contains provisions related to the Uniform Accountancy Act.

### Online Exam Application Status Check

Applicants for the May 2001 Uniform CPA Examination are now able to check the status of their applications online. The online status look up is available at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba) under the heading "ONLINE Application." Then the applicant clicks on the link titled "ONLINE Exam Application."

To check status, an applicant must enter their unique identification and application/remittance numbers assigned by the Board. The online check can show if the Board is awaiting payment of fees, if the applicant's fees have been received, and whether the applicant has been scheduled for the May 2001 CPA Exam.

Data is updated approximately every hour so the applicant may obtain the latest status information.

## Contemplated UAA Revisions to the Accountancy Act

In January 2000, the Board decided to pursue proposed revisions to the Accountancy Act and the Board's Regulations to implement the Uniform Accountancy Act (UAA) in the areas of exam, education and experience. Please remember the following are proposed changes — not enacted changes.

The subjects of the proposed revisions include the UAA exam passage standard, the 150-hour education requirement, elimination of the attest experience requirement for licensure, adoption of a one-year general experience requirement for all applicants, and implementation of a peer review requirement. A three-year transition period to the new requirements is proposed.

### Exam Passage and Conditional Credit Proposals:

- The Uniform CPA Exam is a four-part examination. Currently in California, candidates who pass two parts in one sitting receive conditional credit and are not required to retake those two sections, provided the remaining sections are passed within six subsequent exams. Under the proposal, the same time frames would be retained. However, to receive conditional credit, candidates would be required to take all four parts, pass at least two, and receive a minimum score of 50 on the unpassed parts. To pass the remaining parts, the candidate would need to take all parts not passed in one sitting and receive a minimum score of 50 on any remaining unpassed parts.
- After enactment of statutory changes, a revised regulation would be needed to implement the new exam passage and conditional credit requirements. The earliest this regulation could be in place is January 1, 2002.
- Candidates who already have conditional credit when the revised regulation would go into effect would be allowed to pass the remaining sections of the examination under the Board's current requirements.

### Proposed 150-Semester-Hour Requirement:

- The Board is proposing to adopt a 150-semester-hour education requirement to be consistent with 48 of the 54 states/jurisdictions. The earliest this new law could be in effect would be January 1, 2002. It is likely there would be a three-year lead time between the time the law would become effective and the time all candidates would have to meet the 150-semester-hour requirement.
- The Board does not propose any specific course requirements for the additional hours. This flexible requirement would allow colleges and universities to develop the curricula each believes appropriate.
- Further, to make it easier for candidates, the Board's proposal would allow candidates to sit for the exam with a minimum of 120 semester hours and a baccalaureate degree. The additional 30 semester hours could be completed at a later date, as long as completion is prior to application for licensure.
- At the same time, the Board proposes to adopt regulations to increase the number of accounting semester hours from 10 to 24.

*(Please see Contemplated UAA Revisions, continued on page 5)*

*California Board of Accountancy*

### Audit Experience Requirement Proposal:

- For consistency with the UAA, the Board is proposing to eliminate the attest experience requirement and adopt a one-year general experience requirement for all applicants.
- The Board still would require that qualifying experience be gained in accordance with professional standards and be supervised and verified by a licensee, as is currently stipulated in Section 5083.
- The Board's plan for implementation provides for a three-year transition to the new education and experience requirements. During that time, applicants would have the option of qualifying either under the old or new education and experience requirements.
- Applicants would not be permitted to combine the old education requirements with the new experience requirements. At the conclusion of the three-year transition period, all applicants applying for licensure would be required to meet the new education and experience requirements.

### Proposed Requirements with Regard to Peer Review:

- Partnerships, corporations, and sole proprietors providing audit or review services would be required to undergo peer review in accordance with professional standards.
- Sole practitioners providing attest services would be required to register as attest firms, with no additional fee charged.
- The Board would "grandfather" existing firms, including sole proprietors.
- New firms that want to provide attest services would be required to undergo peer review within one year of licensure. A one-year extension would be granted for good cause.
- Until the first peer review, a new attest firm would be required to employ, at a minimum, one licensee with qualifying attest experience equal to the current licensure requirement. This licensee would have primary responsibility for the firm's quality control system.
- Partnerships and corporations not providing attest services would continue to be registered by the Board, but would not be required to undergo peer review.

The future of these proposed revisions is uncertain since both support and opposition are strong. If these changes are enacted in legislation in 2001, they would become effective January 1, 2002. ❖



## Licensee Information: Public or Private?

With the introduction of the Web License Lookup feature, many licensees became aware for the first time that certain CPA license information is public information and available upon request from the California Board of Accountancy and the Department of Consumer Affairs (DCA). While consumers and licensees may now check a CPA's or PA's license status and obtain the address of record online, this information always has been available by telephoning either the Board office or the DCA.

To clear up any confusion regarding the public or private nature of licensee information, here are some of the frequently asked questions about disclosure of information.

### *Exactly what license information is available on the Web License Lookup?*

The licensee's or firm's name, type of license, license number, license status, address of record, last renewal date, license expiration date, original license issue date, and whether there has been disciplinary action are all available.

### *What is the Address of Record?*

The Board sends all official correspondence to a licensee's address of record, which may be his or her primary place of employment or residence, a post office box or mail drop. Licensees are required to notify the Board within 30 days of any change in the address of record. If you use a post office box or mail drop for your address of record, you must list under "other address" on the address change form the street address of either your primary place of employment or residence. This "other address" will not be posted on Web License Lookup nor disclosed to consumers or other licensees.

### *Are Board citations and disciplinary actions public information?*

Yes. A disciplinary action may result from the Board filing an accusation seeking to revoke or suspend a license or certificate.

In lieu of disciplinary action, the Board may issue a citation for violation of various provisions of the Accountancy Act or Regulations. A citation is not disciplinary action. Upon request, the Board will confirm a licensee's compliance or noncompliance with the citation. There is no time limit for providing information on a disciplinary action or issuance of a citation.

### *Are complaints filed against a licensee public information?*

No. Complaints are not public information. However, if a complaint results in a citation or disciplinary action, the citation or disciplinary action is public information.

### *What is the statutory authority to disclose licensee information?*

The Public Records Act (Government Code Sections 6250-6277) authorizes disclosure of licensee information. Additionally, Section 5009 of the California Accountancy Act requires the Board to keep a register of licensees and information available to the consumer public and to all licensees.

### *What is not public information?*

The following licensee information is not public information and is not disclosed by the Board to members of the general public without a written authorization by the licensee. This information may, however, be disclosed to a court pursuant to a subpoena, to other government agencies, or otherwise as may be consistent with the Information Practices Act of 1977 (Civil Code Sections 1798-1798.78)

(Please see Licensee Information, continued on page 7)

- Date of birth.
- Social Security Number.
- Education.
- CPA exam scores (without the licensee's written release).
- Current employment information.
- Complaints against licensees.
- Enforcement investigations.

#### What is the Public Information List?

The DCA compiles a Public Information List of licensee names, addresses, license type, and number which it makes available to the public for a fee upon request. This mailing list is available on CD ROM, diskette, tape cartridge, e-mail file, computer print-out (paper), or mailing labels. It may be requested by single or multiple license types and can be sorted by county, city, zip code, name, or license number. The list does not include telephone numbers, fax numbers, or e-mail addresses. Persons interested in obtaining the list may contact the DCA Public Information Unit at (916) 323-7018 or fax requests to (916) 324-9339.

Licensees who do not wish to be included on the Public Information List may request removal of their names and addresses by submitting an address change form and marking the applicable circle at the bottom of the page. The form is published in every *Update*, posted on the Board's Web site, available upon request from the Board, or you may submit a signed request to have your name withheld from the public sales mailing list. As soon as the "public sales hold" has been placed on a licensee's record, his or her name will no longer be printed on the list. ❖

#### Contributors to this Edition of *Update*

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## Alert New 50/50 CE Requirement Starts in July

Beginning July 1, 2001, licensees renewing in active status must meet a new "50/50" continuing education (CE) requirement.

If you renew your CPA or PA license after the effective date, you must complete a minimum of 50 percent of the required CE hours in technical subject areas. The remainder of the 50 percent of the CE hours can be completed in technical and/or non-technical subject areas, as defined below:

**TECHNICAL** subject areas (must be 50% or more of required CE):

- Accounting.
- Auditing.
- Taxation.
- Consulting.
- Financial Planning.
- Board-approved professional conduct and ethics course.
- Computer and information technology (except for word processing).
- Specialized industry or government practices that focus primarily upon the maintenance and/or enhancement of the public accounting skills and knowledge needed to competently practice public accounting.

The CE hours that you complete to meet the government or accounting and auditing CE requirement can be claimed as part of the technical CE.

**NON-TECHNICAL** subject areas (must be 50% or less of required CE):

- Communication skills.
- Word processing.
- Sales.
- Marketing.
- Motivational techniques.
- Negotiation skills.
- Office management.
- Practice management.
- Personnel management.

To renew your license in active status, you must comply with the 50/50 CE requirement. Practice rights of public accountancy cease at 12:00 midnight on the license expiration date unless renewed in active status.

For additional information concerning qualifying CE, please refer to Section 88 of the Accountancy Regulations, which are available on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

Questions also may be directed to Ms. Vivian Chen of the Board's staff at (916) 263-3937 or by e-mail to [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov). ❖

## Correct Timeframe to Complete Continuing Education

CPAs and PAs should be aware that Section 87 of the Accountancy Regulations requires that a licensee shall complete at least 80 hours of qualifying continuing education (CE) *in the two-year period immediately preceding license expiration*. The license expiration date always falls on the last day of the licensee's birth month on each even or odd numbered year — depending on the year the licensee was born.

The correct two-year timeframe for completing CE is from the date immediately following the last license expiration date to the current license expiration date. CE completed before the correct timeframe will not be accepted for an active license renewal. For example: if the license expiration date is March 31, 2001, the correct timeframe to complete CE is from April 1, 1999, to March 31, 2001. Any CE completed before April 1, 1999, will not be accepted. ❖



## Meeting your PC&E Course Requirement

Since January 1, 1998, Professional Conduct and Ethics (PC&E) continuing education has been required for all active license renewals. This eight-hour course provides information on the provisions of the current Accountancy Act, the Board of Accountancy regulations, and other rules of professional conduct.

The PC&E requirement is being phased in over a six-year period. According to the timetable, one-third of the licensee population will meet the requirement in a specified two-year period, based on the last two digits of the CPA/PA license number.

- Practitioners whose license numbers end in the "01-33" range must have completed the initial PC&E course by their license renewal dates in 1998 or 1999, as applicable.
- Those whose license numbers end in the "34-66" range must meet the PC&E requirement by their license renewal dates in 2000 or 2001, as applicable.
- Licensees whose license numbers end in the "67-00" range must meet the PC&E requirement by their license renewal dates in 2002 or 2003, as applicable.

Please remember that only Board-approved courses satisfy the requirement.

A current list of Board-approved courses is available on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba). This list is also available by faxing a request to (916) 263-3672 or by telephoning the Board's staff in the Renewal Unit. The telephone numbers are listed on the back page of this publication. ❖

### **Policy of Nondiscrimination on the Basis of Disability and Equal Employment Opportunity**

The California Board of Accountancy does not discriminate on the basis of disability in employment or in the admission and access to its programs and activities.

An Americans with Disabilities Act (ADA) coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, California 95815-3832

## Licensing Data of the California Board of Accountancy

One question the Board frequently receives is, "What is the number of licensees — how many?" In response, there are approximately 66,400 licensees of the California Board of Accountancy, including individual, partnership, and corporation licenses. The following tables illustrate the licensing data of the California Board of Accountancy for fiscal years 1996-97, 1997-98, 1998-99, and 1999-00. This information was published in the Board's *2000 Sunset Review Report*. Table 1 depicts data for CPAs and Public Accountants (PAs). Table 2 details partnership and corporation licensure data.

Table 1 Licensing Data for CPAs and PAs				
	FY 1996/97	FY 1997/98	FY 1998/99	FY 1999/00
<b>Total Individual Licenses<sup>1</sup></b>				
Active	37,817	37,817	36,699	36,763
Inactive	21,777	22,822	24,612	24,868
Total Applications Received	2,472	2,281	2,860	2,070
Applications Denied <sup>2</sup>	1	0	0	0
Pending at end of Fiscal Year	284	425	680	222
Licenses Issued <sup>3</sup>	2,187	1,856	2,180	1,848
Renewals Issued <sup>1</sup> (based on 1 year or a 2-year renewal cycle)	25,600	26,154	26,756	27,321
Statement of Issues Filed <sup>4</sup>	1	2	3	0
Statement of Issues Withdrawn <sup>4</sup>	2	0	0	3
Licensing Applications Denied <sup>2</sup>	0	2	0	0
Licensing Applications Granted <sup>5</sup>	0	0	0	0
<b>NOTES:</b> <sup>1</sup> CPAs and PAs. <sup>2</sup> As a result of Board disciplinary action. <sup>3</sup> CPAs only. <sup>4</sup> Exam/Licensing applicants only. <sup>5</sup> CPA license applications granted after filing a statement of issues.				

Table 2 Partnership and Corporation Licensure Data				
	FY 1996/97	FY 1997/98	FY 1998/99	FY 1999/00
<b>Firm Licenses</b>				
Partnerships	1,197	1,242	1,244	1,336
Corporations	2,822	2,594	2,896	3,007
<b>Licenses Issued</b>				
Partnerships	86	111	110	101
Corporations	109	127	109	147
<b>(Biennial) Renewals Issued</b>				
Partnerships	999	243	1,159	259
Corporations	1,034	1,835	2,780	1,088

# What is the Purpose of Fingerprinting?

The mission of the California Board of Accountancy is to protect the public welfare by ensuring that only qualified persons are licensed as Certified Public Accountants. Fingerprinting is just one method used to ensure that the Board's mission is being met.

Prior to January 1, 1998, the Board solely depended on the applicants to certify whether or not they had any prior criminal convictions. If the applicant withheld information concerning a criminal conviction, the Board had no way of knowing about it.

Since then, all applicants applying for the California CPA license are required to submit two completed fingerprint cards for purposes of conducting a criminal history check with the Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI).

*46% of all criminal records received by the Board have been for applicants who had previously denied ever being convicted of a crime.*

All applicant fingerprint cards are sent to the DOJ for initial processing. Once received by the DOJ, the fingerprint cards are sorted and separated. One fingerprint card is processed by the DOJ and the other fingerprint card is sent to the FBI. The DOJ searches all criminal conviction records within the state of California and the FBI conducts a search for all criminal conviction records within the United States.

Fingerprinting provides the Board a positive method of identifying applicants with criminal conviction records.

Searching these records ensures the Board receives criminal conviction information, even if erroneous information such as the name, date of birth and/or miscellaneous numbers are provided on the fingerprint cards.

Fingerprinting also provides the Board with vital information upon which to base licensing decisions. Under Section 475 of the California Business and Professions Code, an applicant may be denied licensure based on the following.

- (1) Knowingly making a false statement of fact, or knowingly omitting to state a material fact, in an application for a license.
- (2) Conviction of a crime.
- (3) Commission of any act involving dishonesty, fraud or deceit with the intent to substantially benefit himself or another, or substantially injure another.
- (4) Commission of any act which, if done by a licensee of the business or profession in question, would be grounds for suspension or revocation of license.

Once applicant fingerprints are submitted to the DOJ, the Board receives subsequent criminal conviction information on the applicant or licensee, which is another means of providing the consumers with ongoing protection — even after the applicant is licensed.

Fingerprinting has many purposes. It is one way to ensure that only qualified persons are licensed as CPAs. It also provides the Board with vital information on which to base licensing decisions, and it continues to provide ongoing criminal conviction information on the applicant and/or licensee. Fingerprinting is a positive method to better ensure consumer protection.

*Since January 1, 1998, the Board has received 24 subsequent criminal information reports.*

Questions regarding the Board's fingerprint program may be directed by telephone to Ms. Jo Anne Whitsett of the Board's staff at (916) 263-3694 or by e-mail to [fingerprinting@cba.ca.gov](mailto:fingerprinting@cba.ca.gov). ❖



# California Board of Accountancy

## What's New at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)

Each issue of *Update* includes information regarding the Board's Web site located at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba). This article regularly discusses new features, shares statistical information, and informs you of future enhancements and projects.

One of the regular conveniences of our site is the availability of several forms and publications, as listed below. Many can be completed online, then printed, signed (if required), and mailed to the Board.

### Web Forms

#### Of Importance to the **Licensee**

Address Change Form  
CE Extension/Exemption Request  
CE Report – for Renewal  
Disciplinary Guidelines Manual  
Mediation Guidelines  
Name Change/Certificate Replacement Request  
Renewal Information and Instructions  
Status Conversion Form  
2000 Sunset Review Report

#### Of Importance to the **CPA Examination Applicant**

Application Checklist  
Accommodations of Disabilities Request  
Address/Name Change – Exam Candidate  
Examination Application – ONLINE  
Examination Application – Hardcopy Request  
Medical Consideration Request  
Out-of-State Form  
Site Change Request

#### Of Importance to the **CPA Licensing Applicant**

Application Check Sheet  
Application Form and Instructions  
Certification of Grades and/or Licensure  
CE Reporting Form – for Initial Licensure  
Criminal Conviction Disclosure Form  
Fingerprinting Packet Request  
Form E – Certificate of Experience  
Waiver of Practice Rights

#### Of Importance to the **Consumer**

Complaint Regarding Board  
Complaint Regarding Licensee

For those of you who haven't visited our site recently — or ever — for your reference, we publish our entire Table of Contents on the opposite page. As you can see, the site includes extensive information for our licensees, consumers, exam applicants, and licensing applicants. Our Web Page Master, Ms. Holly Hansen, welcomes your comments, suggestions, and questions. She can be reached by e-mail at [pagemaster@cba.ca.gov](mailto:pagemaster@cba.ca.gov). ❖

(Please see *What's New at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)*, continued on page 13)

**About the BOARD**

- Board Members and Functions
- Budget Information
- Mission, Vision, and Purpose
- A Brief History

**Of importance to the CONSUMER**

- Special Message for Consumers
- How to Select a CPA
- How Do I File a Complaint?
- LICENSE LOOKUP
- Disciplinary Actions

**BOARD CALENDAR****CODES and REGULATIONS**

- California Accountancy Act
- California Accountancy Regulations
- Other Selected Relevant CA Codes

**Of importance to the LICENSEE**

- Commissions Information
- Disciplinary Guidelines Manual
- Mediation Guidelines
- 2000 Sunset Review Report

**Renewal Information**

- Cancellation
- Change of Address
- Delinquent Renewal
- FAQs
- FEE for Renewal
- Inactive to Active Status
- Inactive Renewal
- Name Change
- Reportable Events
- Retired Accountants

**Continuing Education (CE)**

- Acceptable CE
- Accounting and Auditing CE
- Extension or Exemption
- Governmental CE
- Provider Information
- Writing Exam Questions/Answers

**Professional Conduct & Ethics Course (PC&E)**

- Approved Course List
- Timetable to Meet Requirement

**Of importance to the EXAMINATION APPLICANT****CPA Examination / Education Requirements**

- CLEP Requirements
- Core Course Requirement
- FAQ - 150 hours?
- General Education Requirements
- Graduates of Foreign Schools
- Recognized Schools
- Transfer of Exam Grades

**CPA Examination Application Process**

- ONLINE Application
- Application Hardcopy Request
- Admittance Materials
- Cancellation Policy
- Dates for Filing
- Dates and Times
- FEES
- Locations
- Reasonable Accommodations
- Consideration of Medical Needs

**CPA Examination Information**

- Appeal Policy
- Cheating Policy
- Format of Examination
- Grade Reports
- Name / Address Change
- Out-of-State / Courtesy Candidates
- Personal Authorized / Prohibited Items
- Social Security Number Advisory

**Of importance to the LICENSING APPLICANT**

- Initial Licensing Information
- Education Requirements
- Ethics Course Requirement
- Experience Requirements
- FEES for Initial Licensing
- Fingerprinting Requirement
- Transfer Applicant Information



## Watts Up??



It's no secret California is in the midst of a major energy challenge, and it's a problem that affects virtually everyone. However, we can all help reduce consumption and

improve energy efficiency. While California continues to experience electrical shortages and rolling blackouts, Governor Davis and leaders of the California Legislature are working with utilities, energy generators, and consumer groups to forge a long-term solution to this problem. In the short run, California's consumers and businesses can work to reduce electricity usage and energy more efficiently.

Here at the California Board of Accountancy, and in all state of California agencies, we've implemented a plan to reduce consumption by a minimum of eight percent. The Governor also has asked all Californians to reduce their electricity use by at least eight percent.

California has the power of nearly 35 million people and the sixth largest economy in the world. By implementing a few simple energy-saving measures, we can avoid shortages, lower energy bills, and have a **major impact** on the availability of power.

We're asking you to *flex your power*. Each of us has an important role to play in this effort.

- Reduce usage during peak demand hours — 5 a.m. to 9 a.m. and 4 p.m. to 7 p.m.
- Turn off all non-essential lights and equipment. When you're not using it, turn it off. Unplug equipment not in regular use, such as VCRs and phone chargers. Putting computers in "sleep" mode can save up to 40 percent in energy consumption.
- Turn thermostats to 68° or lower during the day. At home, turn the temperature down to 55° before going to sleep or when gone for the day. For every one degree you lower your thermostat, you'll save up to five percent on your heating bill.
- At night, close shades and blinds to reduce heat lost through windows.
- Buy Energy Star® appliances, products, and lights, which are more energy efficient than older models.
- Seal off unused or storage areas from heating.

Kids also can save energy through their schools by turning off lights, computers, and other electrical equipment during recess and after school. Tell your kids, "Save a little, save a watt."

Taken together, each of these small steps add up. Whether at work or at home, we can make a dramatic difference in the energy crunch. ❖

Information

Each issue of *Update* contains important information about the public accounting profession, including notices of proposed hearings on regulation changes, Board and committee meetings, proposed new regulatory language, and topical information about enforcement, examination, licensure, and continuing education issues. For ease of reference, we suggest that after you receive and read *Update*, you place these issues in your professional library. For your convenience, all issues of *Update* since 1998 are also posted on our Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

## Administrative Committee Its Value, Function, Contribution

Business and Professions Code Section 5020 authorizes the California Board of Accountancy (CBA) to appoint an Administrative Committee comprised of not more than 13 licensees. The primary purpose of the committee is to assist the Executive Officer and Enforcement Division staff by providing consultation and advice on technical matters during the Investigation of licensees.

Administrative Committee members provide significant value to the investigative process. All members either are currently practicing public accounting or recently retired from practice. Membership recruitment is designed to assure that the committee has representatives of all major areas of practice emphasis including tax, audit/attest, consulting, and litigation support. With their recent personal experience of being “in the trenches,” committee members are able to contribute both technical knowledge and actual experience in applying professional standards involved in the practice areas at issue during investigations.

The Board also employs Investigative CPAs, who are licensed CPAs and full-time staff of the CBA. The Investigative CPAs plan and complete the majority of investigative activities involved in an enforcement action. Although most of the Board’s investigators have practiced public accounting in their respective careers, their experience may be limited in the subject area being covered in a particular investigation. In those instances, consultation with a committee member fluent in both the technical subject matter and the Board’s procedures is extremely helpful.

The Administrative Committee generally schedules five one-day meetings per year. During these meetings, members assist with interviews of CPAs who are undergoing investigation, consult with staff on open files, and review and provide input regarding policy matters related to enforcement issues.

Committee members are appointed annually for a maximum tenure not to exceed eight years. Similar to Board members and other committee volunteers, Administrative Committee members are reimbursed for their travel expenses and compensated at the rate of \$100 per day for meetings and \$12.50 per hour for consultation and assistance provided between meetings. This compensation rate is beneficial to the Board’s Enforcement Program and is a significant contribution on the part of the individuals who offer their expertise to both protect consumers and help improve the profession. ❖

## It's All in the Numbers

### A Statistical Profile of Enforcement Program Activities

The California Board of Accountancy's Enforcement Program is staffed by professional Investigative CPAs, and it receives complaints from consumers of accounting services, members of the accounting profession, professional societies, law enforcement agencies, and other government agencies, as well as internal referrals from Board committees and other programs.

The Board's Enforcement Program processes all complaints received. The complainant is notified within five days that the Board has received the complaint. Within two weeks, the complaint is processed through "intake" in which Investigative CPA staff review the complaint for jurisdiction, complexity, and availability of basic factual materials. After review, one or more of the following actions may be taken:

- The case may be assigned to an Investigative CPA, if jurisdiction is confirmed.
- The intake investigator may need to contact the complainant to obtain additional information.
- A complaint may be closed because the Board has no jurisdiction in the issues alleged, such as instances of fee or civil disputes or the lack of accountant/client relationship.

Gross negligence, unprofessional conduct, and practice without a valid license are the most frequent types of complaints for licensees. Competence and conduct issues are referred for formal investigation to investigative CPA staff or to the Department's Division of Investigation (DOI). Confirmed violations may result in citations with fines, mandated continuing professional education or, in the instance of more substantive violations, formal accusation.

On the opposite page is a statistical overview of the Enforcement Program's activity for fiscal years 1997-98, 1998-99 and 1999-00. ❖

It's All in the Numbers (continued from page 16)

	FY 1997/98	FY 1998/99	FY 1999/00
<b>Complaints Received</b>			
Licensed	382	356	291
Unlicensed/Unregistered/Delinquent	263	217	219
<b>Total</b>	<b>645</b>	<b>573</b>	<b>510</b>
<b>Complaints Referred to Investigators for Formal Investigation</b>			
Contractual	0	0	0
Fraud	15	6	12
Competence/Negligence	34	27	32
Other	15	18	17
Personal Conduct	8	5	2
Product Quality	8	0	5
Unprofessional Conduct	49	51	44
Unlicensed/Unregistered	5	4	32
Unlicensed Investigations Opened	45	32	14
<b>Total</b>	<b>179</b>	<b>143</b>	<b>158</b>
<b>Complaints Closed Without Going to Formal Investigation</b>			
Licensed	365	318	214
Unlicensed	183	158	146
<b>Total</b>	<b>548</b>	<b>476</b>	<b>360</b>
<b>Formal Investigations Closed</b>			
<b><i>Licensed Investigations Closed</i></b>			
Fraud	13	5	11
Non-jurisdictional	0	1	0
Competence/Negligence	38	37	28
Other	13	8	9
Personal Conduct	8	4	2
Product Quality	5	1	4
Unprofessional Conduct	70	90	48
Unlicensed/Unregistered/Delinquent	6	8	25
<b>Total</b>	<b>153</b>	<b>154</b>	<b>127</b>
<b>Unlicensed Investigations Closed</b>	<b>49</b>	<b>38</b>	<b>23</b>
<b>Grand Total</b>	<b>202</b>	<b>192</b>	<b>150</b>
<b>Formal Investigations Pending as of June 30, 1998, June 30, 1999, and June 30, 2000</b>			
Licensed	115	69	85
Unlicensed	19	13	5
<b>Total</b>	<b>134</b>	<b>82</b>	<b>90</b>
<b>Actions Filed Fiscal Years 1997-98, 1998,99 and 1999-00</b>			
Accusations/Petitions to Revoke Probation	34	35	28
Statements of Issue	2	3	0
Citations	68	131	70
Criminal Actions	15	2	3
Civil Actions	0	0	0
<b>Total</b>	<b>119</b>	<b>171</b>	<b>101</b>

## Disciplinary Definitions

### **Accusation**

A formal document that notifies a licensee of the agency's charges against the licensee.

### **Cost Recovery**

The licensee is ordered to pay the Board certain costs of investigation and prosecution including, but not limited to, attorney fees.

### **Default Decision**

The licensee failed to file a Notice of Defense or has otherwise failed to request a hearing, object, or otherwise contest the accusation. The Board takes action without a hearing based on the accusation and documentary evidence on file.

### **Effective Date**

The date the disciplinary decision becomes operative.

### **Probation**

The licensee may continue to engage in activities for which licensure is required, under specific terms and conditions.

### **Reinstatement**

A revoked license that is restored, not sooner than one year from the date of revocation, to a clear or inactive status after petition to and approval by the Board. Reinstatement may include probation and/or terms and conditions.

### **Revocation**

The individual, partnership, or corporation is no longer licensed as a result of a disciplinary action.

### **Stayed**

The action does not immediately take place and may not take place if the licensee complies with other conditions (such as a probation term).

### **Stipulation**

The matter is negotiated and settled without going to hearing.

### **Suspension**

The licensee is prohibited for a specific period of time from engaging in activities for which licensure is required.

### **Voluntary Surrender**

The licensee has voluntarily surrendered the license. The individual, partnership, or corporation is no longer licensed. Surrender may also require certain conditions be met should the former licensee ever choose to reapply for licensure.



## Disciplinary Actions and Standard Probationary Terms

When the Board receives a complaint, an investigation is conducted. Information regarding a complaint generally is gathered by staff Investigative CPAs, often accompanied by a licensee's appearance before the Board's Administrative Committee. In some cases, information is gathered by the Department of Consumer Affairs Division of Investigation.

Following this investigation, or for other reasons, a recommendation is made either to close the case for lack of evidence, or to refer the matter to the Attorney General for review and possible preparation of an accusation against the licensee or a statement of issues relating to the applicant.

The Board may revoke, suspend, or impose probation on a license for violation of applicable statutes or regulations. In addition to any case-specific terms of probation, the standard probationary terms include:

- Obey all federal, California, other state, and local laws, including those rules relating to the practice of public accountancy in California.
- Submit within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.
- During the period of probation, appear in person at interviews or meetings as directed by the Board or its designated representative, provided such notification is accomplished in a timely manner.
- Comply with the terms and conditions of the probation imposed by the Board, and cooperate fully with representatives of the Board in its monitoring and investigation of the respondent's compliance with probation terms and conditions.
- Be subject to, and permit a "practice investigation" of the Respondent's professional practice. Such a "practice investigation" shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.
- Comply with all final orders resulting from citations issued by the California Board of Accountancy.
- In the event Respondent should leave California to reside or practice outside this state, Respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice, except at the written direction of the Board.
- If Respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.
- Upon successful completion of probation, respondent's license will be fully restored.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision to be considered by the Board of Accountancy, or the matter may be settled. The Board may either accept the proposed decision or decide the matter itself. Please note that Board actions reported here may not be final. After the effective date of the Board's decision, the licensee may obtain judicial review of its decision. On occasion, a court will order a stay of the Board's decision or return the decision to the Board for reconsideration.

Copies of the accusations, decisions, and settlements regarding any of these disciplinary actions are available by sending a written request to: California Board of Accountancy, Attention: Disciplinary Actions, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832. Please state the licensee's name and license number, and allow approximately three weeks for each request.

## Disciplinary Board Actions as of 3/4/01

### *Revocation of CPA Certificate*

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
<p><b>HUFFMAN, RICHARD ERNEST</b> Riverside, CA (CPA 24149)</p> <p>Revocation of CPA Certificate, via stipulation in settlement of accusation and petition to revoke probation. <b>Effective March 4, 2001</b></p> <p>Respondent is required to reimburse the Board \$9,800 for investigative and prosecution costs, prior to making application for licensure, relicensure, or reinstatement in California.</p>	<p>The first Amended Accusation and Petition to Revoke Probation No. D1-95-25 contains allegations that, while on probation, Respondent violated the terms of his probation in that he provided tax planning advice to three clients where general partnerships, corporations, or trusts were formed to report their business activities. The Internal Revenue Service (IRS) audited each entity, and determined that they were created to avoid self-employment tax and to deduct personal expenses. As a result, the IRS collapsed the partnerships, corporations, and trusts into each individual's Form 1040, which resulted in additional tax, plus penalty and interest.</p> <p>Respondent agrees that all of the charges and allegations contained in the First Amended Accusation and Petition to Revoke Probation shall be deemed admitted upon any application for licensure, relicensure, or reinstatement that Respondent files in the state of California, or in any other state.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c).</p>

(Please see Disciplinary Actions, continued on page 21)

## Disciplinary Board Actions as of 3/4/01

### Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Code Violation(s) Charged
<b>PRUETT, KENNETH</b> Polson, MT (CPA 49404)  Revocation of CPA Certificate, via stipulated settlement. <b>Effective March 4, 2001</b>  Respondent may petition the Board for reinstatement of his revoked license no earlier than two years from the effective date of the decision.  Respondent is required to reimburse the Board \$8,084 for its investigation and prosecution costs, prior to filing a petition for reinstatement.	<p>Respondent admits that while serving as a            controller in private industry from March 1997            to July 1999, he unlawfully embezzled funds            from his employer in excess of \$150,000.</p> <p>Respondent was convicted by a plea of <i>nolo            contendere</i> in the Sacramento County Superior            Court to violating Penal Code § 504,            (embezzlement by public or private official),            and Penal Code §§ 12022.6 (a)(2) and            1203.045, (taking, damaging, and destroying            property exceeding \$150,000).</p> <p>Respondent was sentenced to two years and            four months in state prison, required to make            restitution of \$258,469 to the victim.</p>	Business and Professions Code, Division 3, Chapter 1, § 5100 (a).

## Future 2001 Meetings

*April 25-26, 2001*  
*Marina del Rey Hotel*  
*13534 Bali Way*  
*Marina del Rey, California 90292*  
 Qualifications Committee

*April 26, 2001*  
*Marina del Rey Hotel*  
*13534 Bali Way*  
*Marina del Rey, California 90292*  
 Administrative Committee

*May 18, 2001*  
*Sacramento*  
 Board  
 Committee on Professional Conduct

*June 20, 2001*  
*Sacramento*  
 Qualifications Committee

*June 28, 2001*  
*Radisson Miyako*  
*1625 Post Street*  
*San Francisco, California 94115*  
 Administrative Committee

*July 12, 2001*  
*Sacramento*  
 Report Quality Monitoring Committee

*July 20, 2001*  
*San Francisco*  
 Board  
 Committee on Professional Conduct

*August 29-30, 2001*  
*Southern California*  
 Qualifications Committee

*August 30, 2001*  
*Los Angeles*  
 Administrative Committee

*September 21, 2001*  
*Sheraton Gateway Hotel*  
*6101 West Century Blvd.*  
*Los Angeles, California 90045*  
 Board  
 Committee on Professional Conduct

*October 24-25, 2001*  
*Southern California*  
 Qualifications Committee

*October 25, 2001*  
*Los Angeles*  
 Administrative Committee

*November 16, 2001*  
*San Diego*  
 Board  
 Committee on Professional Conduct

Board, committee, and task force meetings are open to the public. Licensees are encouraged to attend. As meeting locations become known, they will be posted on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba) or available by calling the Board's office at (916) 263-3680.

# ADDRESS CHANGE FORM

A separate change of address form must be submitted for each license type.

Please Print

## Name of Licensee

Individual (CPA/PA) - Lic. No. \_\_\_\_\_

_____	_____	_____
Last	First	Middle

## Name of Firm

☐ Corporation ☐ Partnership ☐ Fictitious Name License No. \_\_\_\_\_

_____
Firm Name

## Address of Record

*Be advised that your address of record is public information, and all Board correspondence will be sent to this address.*

☐ Home ☐ Business (check one)

_____
-------

Business Name (if different from name above)

_____	_____
-------	-------

Street ☐ Apt. # ☐ Suite # (check one)

_____	_____	_____
-------	-------	-------

City

State

Zip

## Other Address

*Provide a street address if your address of record is a mail drop or a Post Office Box. This address will not be posted on the Web License Lookup.*

☐ Home ☐ Business (check one)

_____	_____
-------	-------

Street ☐ Apt. # ☐ Suite # (check one)

_____	_____	_____
-------	-------	-------

City

State

Zip

## Daytime Phone Number

_____	-	_____
Area Code		

## Date of Birth

_____
Mo. Day Year

I certify the truth and accuracy of all of these statements and representations.

**Signature of Licensee,  
Licensed Partner, or  
Licensed Shareholder**

Date \_\_\_\_\_

Print your name \_\_\_\_\_

A licensee who fails to notify the California Board of Accountancy within 30 days of a change in his/her address of record may be subject to citation and fine (fines ranging from \$100-\$1000) under the California Code of Regulations, Title 16, Division 1, Sections 3 and 95.2.

The Board maintains a list of all licensees. This list is sold to requestors for mailing list purposes. Check here only if you do not want your name included on this list. ☐

*Please Note: Your name and address of record is public information and can be accessed through our Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).*

**Mail to:** California Board of Accountancy, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832  
or **FAX to:** (916) 263-3675



## Board of Accountancy Directory

Board Office ..... (916) 263-3680  
 Board Office Facsimile ..... (916) 263-3675  
 License Status Check ..... (916) 263-3680

Also available on Board Web site.

General Examination Questions ..... [examinfo@cba.ca.gov](mailto:examinfo@cba.ca.gov)

(916) 263-3953 or 263-3958

Facsimile (916) 263-3677 or (916) 614-3253

Last name begins with: A-C ..... (916) 263-3954

D-J ..... (916) 263-3957

K-M ..... (916) 263-3959

N-S ..... (916) 263-3956

T-Z ..... (916) 263-3938

Enforcement Information and Questions ..... [enforcementinfo@cba.ca.gov](mailto:enforcementinfo@cba.ca.gov)

(916) 263-3968

Facsimile (916) 263-3673

Certifications ..... (916) 263-3949

Initial Licensing — Individual: ..... [licensinginfo@cba.ca.gov](mailto:licensinginfo@cba.ca.gov)

..... [fingerprinting@cba.ca.gov](mailto:fingerprinting@cba.ca.gov)

Last name begins with: A-Hn ..... (916) 263-3946

Ho-Pi ..... (916) 263-3947

Pj-Z ..... (916) 263-3945

Facsimile (916) 263-3676

Initial Licensing — Partnerships, Corporations, Fictitious Names: ..... (916) 263-3948

Facsimile (916) 263-3676

Renewal for CPA/PA, Partnerships, Corporations, Continuing Education:

..... [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov)

Last name begins with: A-E ..... (916) 263-3799

F-K ..... (916) 263-3798

L-Q ..... (916) 263-3934

R-Z ..... (916) 263-3935

Facsimile (916) 263-3672

Web Site Address ..... [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)

Web Page Master ..... [pagemaster@cba.ca.gov](mailto:pagemaster@cba.ca.gov)

Department of Consumer Affairs  
**California Board of Accountancy**

*Update* **Issue #48**

2000 Evergreen Street, Suite 250  
 Sacramento, California 95815-3832  
 (916) 263-3680  
[www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)

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 Qualifications Committee, Paul Koreneff, CPA  
 Report Quality Monitoring Committee, Michael D. Feinstein, CPA